

REPORT NO.

CD NO

DATE DISTR. 21 Dec 51.

NO. OF PAGES 4

NO. OF ENCLS.
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THIS IS UNEVALUATED INFORMATION

1. Licencia, the State Patent Office of Hungary, was established in March 1950 in its present form to take over the functions of the official Patent Office (attached to the Ministry of Foreign Trade and known as Talert-Talalmanyokat Ertekesito Nemzeti Vallalat). To facilitate operations, the organization was later divided into two completely separate sections:

a. Licencia.

This is the state enterprise for the exploitation of new patents. It deals with the sale of Hungarian patents abroad, the purchase of foreign patents needed by Hungarian industries, and the exploitation of inventions in nationalized industries.

b. Danubia.

This is the technical office for the study of inventions and the protection of patent rights. Danubia pays and collects patent fees, renews contracts and licences, and acts as agent abroad for patents obtained in Hungary by Licencia in collaboration with private patent agents. Contracts with foreign countries go through Danubia, and though the operations of the two companies are directed by one general manager this connection is kept a strict secret abroad. **Even in Hungary the public is not permitted to know that the two organizations are actually identical.**

2. The procedure for registering inventions is as follows: The inventor takes his **invention** to the Patent Office - i.e. Licencia - which automatically forwards it to Danubia for study. After investigations to determine whether similar patents are already registered elsewhere, his patent rights are confirmed by Licencia. The average period of investigation is two weeks. Similar investigations in member states of the Patent Union (to which the Eastern bloc does not belong) take several months. Preliminary rights are granted to the inventor from the moment of registration. The full technical description of the invention is prepared by Danubia.

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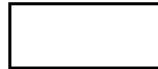
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3. According to Regulation 426/24/1951 of the Hungarian Ministry of Foreign Trade, no patents can be bought, sold, or offered under licence except through Licencia. In the event of the patent's approval, Licencia proceeds to study the market value of the invention in Hungary and abroad. If a purchaser is found, there are several possibilities:

a. Sale.

In this case, the invention is sold outright for a lump sum. Of this, the inventor receives an officially approved sum, the rest being placed in a blocked account in his favor after both Licencia and Danubia have received their commissions as agents.

b. Licence to manufacture.

In this case, the inventor retains his ownership of the patent and sells only the right to the use of his patent for a certain period. Payment is either by means of a single lump sum, annual fees, or a retainer together with a percentage of the turnover.

4. In case the inventor is an employee or worker in a nationalized factory, an attempt is made to obtain the patent as a "gift to the state". If the inventor is willing to give up his rights, it is officially announced, for instance, that "the workers of the Red Flag Factory have invented an improvement", and the patent rights are registered by the state on its own behalf.
5. Every effort is made to avoid payment for the use of foreign non-military patents. Where patent rights are protected only in the country of origin, the nationalized factories disregard the question of ownership entirely and make use of the patented process without reference to the owner of the patent. The tendency is at first the same even with regard to international patent rights, which are similarly exploited. Early in 1951, however, a Swedish electrical firm brought a case for infringement of patent rights against the Hungarian State in the International Court at the Hague, and Hungary was ordered to pay a very high sum in compensation and an even larger sum in costs. Since then, such patent rights have been scrupulously observed.

6.



7. Foreign patents bought by Licencia for Hungarian state factories are automatically communicated to the U.S.S.R. and other Eastern-bloc countries by NGKT, the Secretariat for International Trade Cooperation, which works under the direct control of the government and the Communist party, and whose offices are located in the parliament building. The patent is then used freely by all these countries, even for export purposes, while fees are paid only by the Hungarian factories for whom the rights were originally obtained. This practice prevails throughout the Eastern bloc, so that once one of these countries obtains a licence to use a particular foreign patent, the other satellite states are able to cancel their contracts and cease payments, while continuing to make use of the process involved. A total of approximately 80 foreign patent licences were cancelled in Hungary during May and June 1951 for this reason. Rights in respect of patents where no further improvements are expected are also disregarded. A contract for the manufacture of colored metal zip fasteners was cancelled, for instance, and production continued.

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8. [redacted] Hungarian Patents abroad:

a. Stebeck radiators

The Stebeck radiators are stamped out of sheet aluminum by means of special heat process instead of being cast. As a result, a heating unit a cubic meter in volume can be lifted with one finger. Its useful radiation is two-thirds more than that of cast iron radiators. The radiator is stamped out in two halves, and soldered together by means of a duraluminum seam. Manufacture does not require much new equipment; there is a considerable saving in raw materials, and half the manufacturing cost is covered by the saving on freight compared to cast iron radiators. This patent was the property of an engineer, Josef Beck, the former owner of the Hungarian Radiator and Heating Installations Factory Ltd., and was sold by him through Licencia to his former factory, which has now been nationalized. He receives no compensation at all for the use of his patent for home production but is given 5% of the net sales abroad of such radiators. He is permitted to draw 60,000 Forints annually of the sum accruing, the rest being blocked. Should his share of the exports be less than 60,000 Forints at any time within the next ten years he will be permitted to make up the sum from the blocked account. At the end of the ten years, his rights will lapse completely.

b. Peeling of Beans

The indigestible cellulose skin of the beans is removed by this process to improve the nutritional value of the bean. The cellulose is used to manufacture paper.

c. Utilization of Flax Waste

Flax waste, formerly burned or used as manure in the main flax-producing areas, can be turned into a substitute for jute by means of a chemical process developed by a Hungarian named Josef Litvan. A good deal of interest has been shown in this process abroad, and an offer to purchase the patent was made from Argentina. It was then apparently decided that it would be more profitable to buy Turkish hemp waste and to exploit the process locally. Danubia was then instructed by NGKT to withdraw the patent from the market, the equivalent of the process being requisitioned by the U.S.S.R.

9. Personalities

Laszlo, Geza-General Manager Licencia, [redacted]

Acsne, Ardo Erzsebet-Secretary to the General Manager. Woman.

Egri, Gyula-Departmental Head, Licencia, also responsible for foreign correspondence. [redacted]

Kende, Geza-Section Head, Licencia. [redacted]

Egressi, Zoltan-Technical Adviser, Licencia. [redacted]

Freistattel, Mrs. Bela (Dr.)-Commercial Adviser, Licencia. [redacted]

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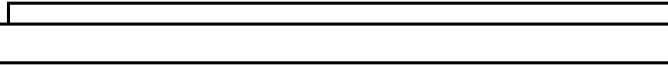
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Bartok, Mrs. Sándor



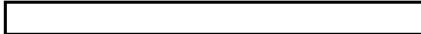
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Molnar, György-Departmental Head, Danubia, and Party Secretary to both companies.



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Somorjay, Otto (Dr.)-Section Head, Danubia,



Zelen, Bela-Adviser, Danubia.

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Tavi (née Bernauer), Magda (Dr.)-Adviser, Danubia. Woman.

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Kolozs (Dr.)-Adviser, Danubia.

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